

MEMO FOR THE RECORD

10 September 1962

SUBJECT: Contract No. [redacted]
Task Order No. 1
[redacted]

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1. This case was discussed with [redacted] of [redacted] by telephone on this date on a call-back from a phone call placed by them on the preceding Friday but not reported to me until today.

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2. They have received Amendment No. 2 providing funds for the preparation of a report and were concerned because no provision had been made covering the overrun on the case of approximately [redacted]. They pointed out that the overrun had been in existence for over a year and that thus far they have lost money on all business done for us. They added that if they made the report as provided in the amendment they would be weakening their bargaining position for eventually obtaining coverage of the overrun.

3. They were told that it was our practice, when an overrun was not reported until after the contract work had been completed, to delay considering coverage of the overrun until all reports on the case including final inspection report and final audit report had been received. In this case, a final audit report has been received but, without a report of some kind on what was actually done, it would be difficult, if not impossible, to determine whether the overrun should be covered.

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4. As regards the report itself, they said that overhead rates had increased and they estimated they could no longer prepare the report for [redacted]. Moreover, the completion date was set for September 30 which would not allow them the necessary five (5) weeks. In view of the increase in the estimate of the cost of the report and the need for additional time, it was decided that [redacted] will send back the Amendment No. 2 unexecuted, together with a full explanation of the circumstances including its claim for the overrun.

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Distribution:

Orig - XG-2267
1 - TPDS/NPIC

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OL/PD/CSS [redacted]

Sept 62)

TRANSMITTAL SLIP		DATE
TO:		1/62
TPDS/NPIC		
ROOM NO.	BUILDING	
REMARKS:		
FROM:		
ROOM NO.		
1426		
FORM NO. 241	47)	
1 FEB 55	WHICH MAY BE USED.	

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